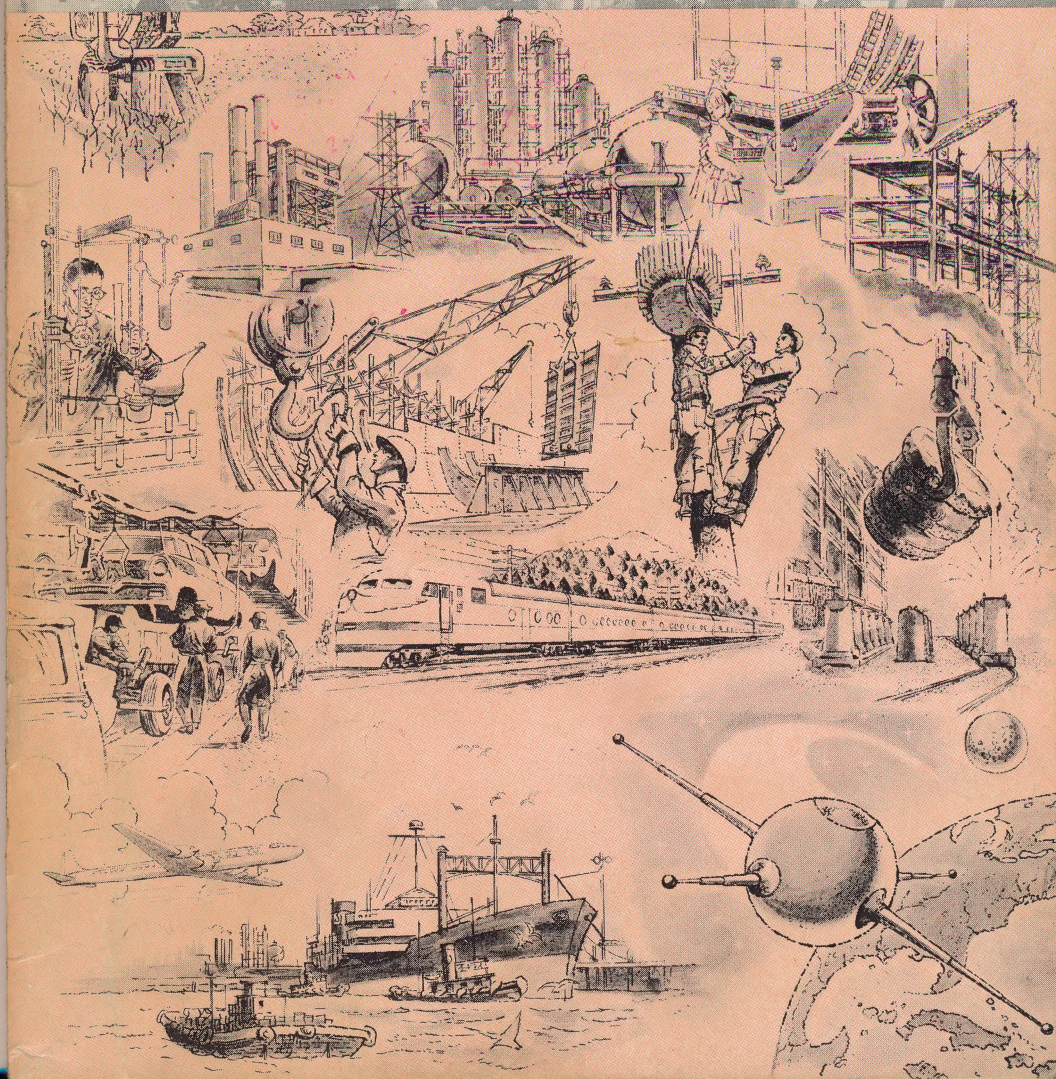


UNDERSTANDING THE NEW YORK STOCK EXCHANGE



THE NATION'S BUSINESS

When this country was young, industry was simple. Cobblers, tailors and tinsmiths worked long hours with crude tools. Peddlers sold their wares from door-to-door. What our infant industry could not provide, the average family made at home — or did without.

All that was a long time ago. America's capacity to produce the necessities of life — and the luxuries of life — has grown at a rate unmatched in history. And the secret of our remarkable standard of living isn't a secret at all. It is Capitalism putting money to work making better products for more people at a lower cost.

In a personal sense, capitalism involves all of us. When you pull up to a filling station to get gasoline for your car, you are buying a product of an industry which has invested tens of thousands of dollars in the equipment used *by a single worker*. When you flip the switch which turns on your electric light, you are commanding machinery which cost millions of dollars.

Because of this tremendous investment in tools and machines, the American working man refines more oil, generates more electric power, produces more steel than any other working man in the world. And because he produces more, he enjoys more as a consumer.

Who are the nation's capitalists? You'll find them everywhere — housewives, doctors, clerks, teachers, farmers, executives. Sharing directly in the ownership of our industrial resources are 8,630,000 people, and the total is growing year by year.

That growth must be maintained. It is estimated that in the next decade corporations — to be soundly financed — will require about \$60 billion in new equity capital to meet the demands of our nation, to boost our production far beyond the levels of today. Much of that money must come from new capitalists, individuals who are financially qualified to own their share of American business.

The New York Stock Exchange will continue to facilitate financing industry's future by providing a central market place where shares in America's leading enterprises can be bought and sold — quickly, conveniently, economically.

Keith Winston

PRESIDENT

New York Stock Exchange



WHERE BUYER MEETS SELLER

The New York Stock Exchange is a market place for securities.

It is a vast trading floor in a building at the corner of Broad and Wall Streets, New York City. It is the nation's largest organized securities market, where hundreds of Exchange member brokers daily buy and sell, for thousands of people, the stocks and bonds of America's leading corporations.

In a fundamental sense, the New York Stock Exchange is more than a trading floor. The following legend could well appear beneath its name: "Here is where people buy and sell ownerships in America's leading corporations."

For, after all, what is a share of stock?

It's a share of a business.

The man who owns shares in, say, General Motors or American Telephone & Telegraph has an ownership interest in that company.

Let's say you own stock in a chemical company listed on the New York Stock Exchange — twenty-five shares out of the five million the company has issued. This means you own that fractional interest in the company's plant, its laboratories, its raw materials, its inventories, its good will, its sales organization, its patents and, last but not least, its management. In short, you own an interest in everything that company has or may have in the future.

The Exchange operates in a rather unique fashion. It is not like the conventional auction where only buyers compete and there is one seller. On the Exchange there is a

two-way auction market. Here is how it works: bidders compete with each other to purchase at the lowest possible price the shares they want to own. Simultaneously, those seeking to sell compete with each other to get the highest price for the shares they are offering. When the buyer bidding the highest price and the seller offering at the lowest price agree on a figure which is acceptable to each, a transaction is made.

The Exchange is a market place where prices reflect the basic law of supply and demand. It is a market place where shares in American industry can be bought and sold almost as readily as you can deposit money in the bank. And that's true whether you live in a city of five million or a town of five thousand, whether you live in Portland, Maine, or Portland, Oregon.

Let's consider for a minute what this means in convenience, in reliability of market. John Smith in a South Carolina city telephones the local office of a member firm of the Exchange and orders a few hundred dollars worth of Woolworth stock. In a matter of minutes the purchase is made on the floor of the Exchange and John Smith has become a share owner in one of the country's largest enterprises. It cost him a telephone call and a few dollars commission to the member firm to use one of the world's most complex market mechanisms.

The vast trading floor, almost as large as a football field.



The fact that he lives in a community far removed from Wall Street presents no more obstacle than if his office adjoined the Stock Exchange itself. The mechanics of transmitting his order to the Exchange and the machinery for executing the order are the same in either case.

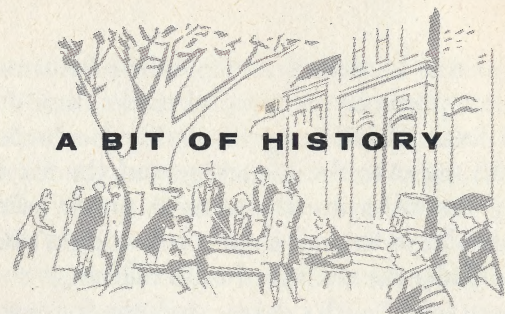
He didn't have to search for a seller, didn't have to advertise or make the rounds of sales offices.

Compare John Smith's share purchase, for example, with the effort he would have to make to acquire an interest in a corner grocery store — even if there were a half-dozen such partnerships actually available.

By bringing buyers and sellers together in one open market the Exchange becomes a living reflection of the Founding Fathers' creed that we all have the right to hold property. It's natural that it should, for the New York Stock Exchange is just about as old as our country.

The nation's market place.





A BIT OF HISTORY

Wall Street once was the political capital of the United States just as it is the financial center of the world today. Here the New York State Chamber of Commerce, established April 5, 1768, pressed the fight on the Stamp Act and the tax on tea. Here Washington took the first Presidential oath of office, here the first Congress gathered, its executive departments were organized, and the immortal Bill of Rights was adopted.

It was here that the 1789-90 Congress authorized an issue of \$80 millions in stock to help pay for the costs of the Revolutionary War. There was a scattered market for this government stock as well as for the shares of banks

First Merchants' Exchange, 1827.

In 1793, the Tontine Coffee House.



and insurance companies then springing up. Trading was carried on in various coffee houses, auction rooms and offices, but it was mostly unorganized and people were reluctant to invest because they had no assurance they could sell their securities when they wanted to do so.

First Regular Meeting

On May 17, 1792, a group of merchants and auctioneers met to do something about this situation. They decided to meet daily at regular hours to buy and sell securities under an old buttonwood tree on Wall Street only a few blocks from the present site of the Stock Exchange.

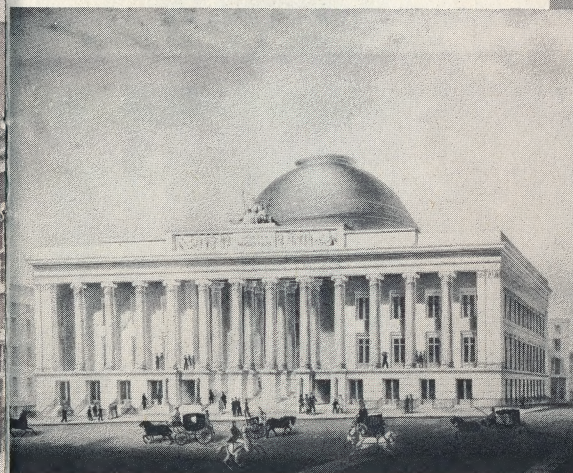
These men were the original members of the Exchange. They handled the public's buy and sell orders in the new government stock, as well as in shares of insurance companies, Alexander Hamilton's First United States Bank, the Bank of North America and the Bank of New York.

In 1793 the Tontine Coffee House was completed at the northwest corner of Wall and William Streets and the brokers moved indoors.

Building at Nos. 10 and 12 Broad Street, 1865.

EARLY HOMES OF THE STOCK EXCHANGE

Second Merchants' Exchange Building, 1842.



Private financial activity was checked for a time by the War of 1812, but peace brought the formation of new enterprises. New York State bonds, issued to pay for the Erie Canal, joined the issues traded on the new Exchange. Private businesses also expanded. The cotton industry, able to boast only a few mills in 1804, was operating half a million spindles by 1815. The tempo of business quickened as the country headed into a post-war boom.

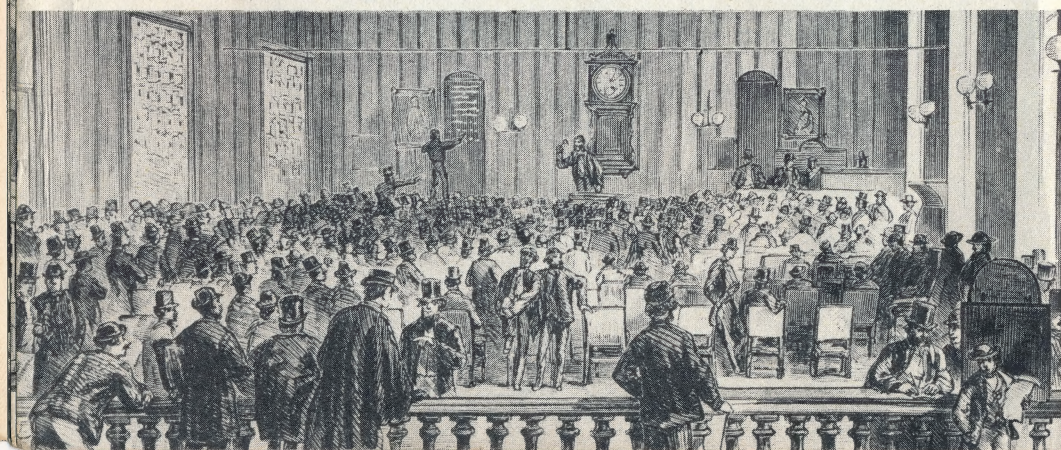
By 1827 the stocks of twelve banks and nineteen marine and fire insurance companies, the Delaware & Hudson Canal Co., the Merchants' Exchange, and the New York Gas Light Company — the nation's first public utility — also were traded on the Exchange.

Ten years later the list included eight railroad securities. As other new enterprises developed, their securities, too, came to the Exchange and trading activity gradually increased. The builders of our country's pioneer companies had discovered that investors placed marketability high among the requirements for a desirable investment.

First Constitution

It became apparent, soon after the turn of the century, that the Tontine Coffee House was too small to accommodate the volume of trading in securities and the stock brokers moved to a meeting room in what is now 40 Wall Street. Greater activity brought the need for a more formal organization than that created by the 1792 agreement. On

The list of stocks is called at a session of the Exchange in 1860.



Floor of the Exchange in 1889.

March 8, 1817 the first formal constitution of the New York Stock and Exchange Board, as it was then known, was adopted.

The constitution provided, among other things, that the president was to call out the names of stocks, fix commissions; and set fines — 6 to 25 cents — for violation of procedure or non-attendance at sessions "unless when sick or out of the city."

Each trading session consisted of a morning call at 11:30 of all stocks on the list. As the name of each stock was called, the brokers made their bids and offers.

From 1817 to 1827 the Board met in various offices. After that, it moved a dozen times or so before settling upon a permanent location, the site of the present Broad Street building which contains most of today's trading floor. The adjoining office building at the corner of Broad and Wall Streets was erected in 1922. The bond trading room and the public Exhibit Hall of industry and investment are housed in a new building at 20 Broad Street.

Other historic dates are: 1863, when the name "New York Stock Exchange" was adopted; 1867, when the first stock tickers were installed; 1868, when memberships were made saleable; 1871, when the call market gave way to a continuous market; 1879, when the first telephones were

installed in the Exchange; 1886, the first time that a day's volume topped 1,000,000 shares; 1910, when the Exchange discontinued unlisted trading (previously an unlisted stock could be traded but the company had no responsibility to comply with Exchange standards); 1915, when the basis of quoting and trading in stocks changed from per cent of par value to dollars; 1922, when the questionnaire system for regular examination of the financial condition of member firms was inaugurated; 1933, when independent audits of financial statements were required of listed companies, and 1938, when a sweeping reorganization of the Exchange called for a paid president for the first time.

Need for Marketability

Perhaps the Stock Exchange's most important function is that it allows the individual to put his capital to work whenever he chooses. In a free society, capital must be free to move from one enterprise to another — entitled to the profits when the venture succeeds, ready to stand the losses if it fails.

The Stock Exchange and its members serve their country and themselves only as they continue to provide the facilities for that freedom of movement.

As we have seen, the Exchange provides the saver with a medium by which he may convert his funds into securities which he hopes will bring him income, a gain of capital, or both.

Flow of Capital

It is easy to see that if there were no national market place where people could voluntarily invest in their country's future, or sell their securities for cash, the financing of new industrial growth would be curtailed sharply. More important, the ability of millions of people to plan their long-range financial programs would be severely hampered.

The investment banking industry has built up a highly efficient mechanism for the initial sale of securities issued by a new enterprise. The investment banker buys an entire issue of securities from the new company and it is his job to sell them to institutional and individual investors. These are the investors willing to put their money into new enterprises which have not yet developed a widespread public appeal. As new securities become seasoned, however, they may qualify for listing on the Exchange. That step makes the securities more attractive to more people and enables the holders, when and if they wish, to liquidate their investment in a national market place and to put the proceeds into another enterprise.

The flow of investment money into industry has provided not only jobs — but also the plants and tools needed to produce a stream of new products. Capital and labor, working together, have thus created a rising standard of living for great masses of people.





Membership in the Exchange at present totals 1,366 individuals.

A member may be a partner or holder of voting stock in one of the brokerage concerns which, by virtue of his Exchange membership, is known as a member firm or member corporation. There are 654 such member organizations. From the founding of the Exchange in 1792 until May, 1953, member organizations were limited to partnerships. Then the Exchange's Constitution was amended to permit corporations to become member organizations — provided such corporations are engaged primarily in the securities business as dealers or brokers.

The Constitution makes provision for 1,375 members, or such lesser number as may result from a plan aimed at bringing the total to 1,300 by 1963.

Members

About half the members are partners or officers in firms doing business with the public — so-called commission houses. These members execute customers' orders to buy and sell on the Exchange and their firms receive the commissions on those transactions. Many firms have more than one member.

About one-fourth of all members of the Exchange are specialists — so-called because they specialize in "making a market" for one or more stocks.

To carry out this function of maintaining a fair and orderly market, insofar as reasonably possible, in the stocks

in which he specializes, the specialist must often risk his own capital by buying at a higher price or selling at a lower price than the public may be willing to pay or accept at that moment. For instance: let's say the last sale in XYZ stock was at \$35 a share; the lowest offer to sell is \$35 a share and \$34 is the highest bid. Depending on conditions in the market, the specialist might bid \$34½ in order to narrow the temporary spread between supply and demand. In a rising market the specialist frequently sells stock from his own account at a lower price than that at which the public will sell.

The Exchange sets specific requirements for specialists regarding market experience, their dealer function, and the amount of capital they must have.

As a specialist, his business is concentrated on a particular stock or group of stocks at one trading post. Thus he can also act for other brokers who cannot remain at one post until prices specified by their customers' buy and sell orders — either below or above prevailing prices — are reached. The specialist must assume full responsibility for all orders turned over to him. Part of the commission the customer pays his own broker goes to the specialist when his services are used. Much of the specialist's earnings comes from commissions on orders he executes for other brokers.

He must subordinate his personal interests in the market to the public's. The specialist, for example, cannot buy or sell in the Exchange market at any price for his own account until he has executed all public orders held by him at that price.

Some members are odd lot dealers. They serve investors who purchase or sell a few shares at a time, rather than in the conventional 100-share unit, known as a round lot. The odd lot member acts as a dealer, not as a broker. He buys odd lots of stock from, or sells odd lots of stock to, other members doing a public business. In most stocks an odd lot is any number of shares from 1 to 99.

Then there are floor brokers, whose function is to assist

the commission house brokers. Floor brokers are still popularly known as "\$2 brokers," although the commission they receive for their services has long been above that amount.

All members — whatever their function — must of course own a "seat" on the Exchange, a term that traces back to early years when the brokers did remain seated while the president called the list of securities.

There is nothing sedentary about a Stock Exchange member's day now. One of the most interesting sights for the hundreds of thousands of visitors who annually watch the trading floor from the gallery is the constant movement of the people on the floor. At first glance, their movements seem aimless. But, after an Exchange guide has explained exactly what happens on the floor, has singled out a particular broker, the visitor soon realizes that each step taken is taken for a particular reason. Each broker on the floor executes his customers' orders as rapidly and efficiently as possible — and, in the process, wears out a lot of shoe leather.

An Exchange guide and two young visitors in the gallery overlooking the vast trading floor.



The price of a Stock Exchange membership is determined by how much a candidate will pay and the amount the owner of the membership will accept. The Board of Governors maintains complete control over admissions of new members.

The price of memberships since 1950 has ranged from \$38,000 to \$113,000. The initiation fee is \$4,000 and dues are about \$750 annually.

In addition to the members of the Exchange, there are some 3,016 partners in member firms. These partners are known as allied members. Then there are 317 holders of voting stock in member corporations who are also known as allied members. Although allied members may not do business on the trading floor, they are subject to the same strict rules and regulations as are members.

Board of Governors

The rules and regulations governing the conduct of members and allied members are set by the Board of Governors, which is elected by the members. The Board exercises broad policy-making and disciplinary powers.

Indicative of the national character of the New York Stock Exchange is the composition of its Board of Governors, which includes members and allied members, and represents all sections of the country. Three representatives of the public who have no direct connection with the securities business bring a broad non-professional viewpoint to the Board's deliberations. The Chairman, elected annually, must be a member of the Exchange. The President of the Exchange, who is selected by the Board of Governors, brings the Board's membership to thirty-three. He may not be a member of the Exchange nor a partner of a member organization.

Administration of policies made by the Board rests in the hands of the staff, headed by the President. The Exchange has 1,300 employees, of whom 500 work on the trading floor. Offices include the Department of Stock

List, which examines corporations' listing applications preliminary to final Board consideration; the Department of Member Firms, which administers policies and rules concerning member organizations' conduct and financial stability; the Department of Public Relations and Market Development, which interprets the Stock Exchange's functions to the public and assists member organizations in their relations with investors; the Department of Research and Statistics, which prepares reports and statistics relating to the listed market and the national economy; and the Department of Floor Procedure, which administers rules regulating trading on the Exchange.

The Office of the Secretary processes applications for membership and allied membership and administers arbitration facilities. Then there are subsidiary companies — Stock Clearing Corporation, which expedites the receipt and delivery of securities following transactions on the trading floor, and the Building Company, which operates the Exchange's real property.

The Exchange is a rather unusual form of enterprise. It doesn't try to make a profit, and it isn't a charitable organization. It is a voluntary association of brokers.

The Exchange needs enough income each year to operate its extensive market facilities and pay salaries and wages. This requires an annual budget of approximately fourteen million dollars.

The Exchange's revenue comes mainly from members in dues and charges for services and facilities, and from fees paid by corporations whose securities are listed on the Exchange.

Last year, for example, revenue from listing fees approximated \$4.2 million. About \$3.5 million came from charges on commissions which members received for executing orders to buy or sell securities and from charges on odd lot dealers. Quotation and ticker services accounted for \$3 million. And \$1 million was provided by annual dues paid by the 1,366 members of the Exchange.

Where does the money go? The Exchange employees received \$8 million in salaries, wages, insurance, annuities and other employee benefits. Advertising accounted for about \$1.3 million. Income, real estate and miscellaneous taxes took approximately \$900 thousand. And the Exchange had a telephone and telegraph bill of \$1.2 million.

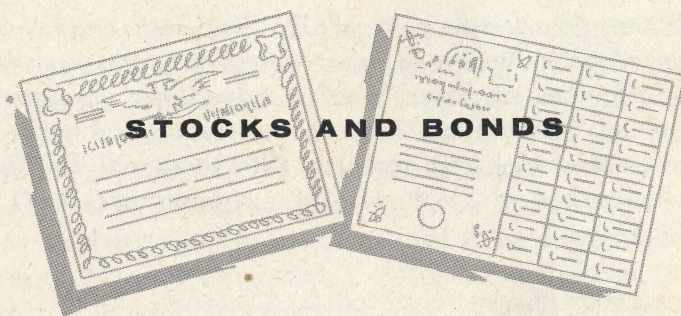
Over 2,500 Offices

Linked with the nation's market place is practically every city in the United States. Member firms' names are listed in the Classified Telephone Directories across the country. Even a community which cannot boast of an office of a Stock Exchange member firm has access to such a firm simply by asking the local Information Operator for the Yellow Page listings — under New York Stock Exchange in the Stock Brokers' Section — for the nearest city. Although banks are not members of the Exchange, most have contacts with one or more member firms.

Some 500,000 miles of telegraph and telephone wires connect the trading floor with 2,500 members' offices and many of those offices with 2,500 non-member correspondents.

Member firms have offices in 585 cities in 48 states and the District of Columbia. There are also member firm offices in 27 cities in the following countries: Argentina, Belgium, Canada, Cuba, England, France, Germany, Holland, Hong Kong, Italy, Lebanon, Monaco, Morocco, Panama, Puerto Rico, Switzerland, Uruguay and Venezuela.

This, then, is the New York Stock Exchange community — where 64,400 people are employed — and some of the equipment that handle in one central market place the public's orders to buy or sell securities listed on the New York Stock Exchange.



What of the securities themselves?

There are more than 2,600 issues of stocks and bonds listed on the New York Stock Exchange.

They include the ownership or the debt of nearly all the leading corporations in this country — American Telephone & Telegraph, duPont, General Electric, General Motors, Sears Roebuck, Con Edison, Standard Oil (N. J.), U. S. Steel — and on and on for a total of about 1,200 different enterprises.

Ownership in these listed companies is represented by their common and preferred shares. In June, 1958, the number of shares listed was at an historic high of more than 4.8 billion.

Preferred Stock

Preferred stock is so named because it is given certain preferential treatment over the common. This includes, most importantly:

- 1 — The right to receive a fixed dividend before the common receives any dividends, and
- 2 — A prior claim against the assets of the company in the event of liquidation.

Because of these advantages, preferred stockholders are usually limited in their participation in company affairs. They generally have no voting privileges, except when a specified number of preferred dividends are defaulted, nor can they usually expect more than their stipulated dividend

no matter how prosperous the company may be. If the company runs into hard times the dividend may be reduced or omitted. If it is cumulative, an omitted dividend must be paid before the company may pay any dividend on the common stock. But if the preferred stock is non-cumulative, any unpaid dividend may be lost.

Preferred stocks listed on the Exchange number 423.

Common Stock

Some companies have only one issue listed — usually common stock or, as it is sometimes called, capital stock.

The common stockholder is an owner of the business in a broad sense of the word and he almost always has the right to vote for the directors of the company. The directors, in turn, select the management such as the president, vice-presidents, and treasurer.

If the majority, or even a well-organized minority, of common share owners becomes dissatisfied with the administration of the company, they may successfully demand broader representation on the Board or effect significant changes in company policy. Any common stockholder, of course, may suggest changes in corporate policy or practice which management may act upon or which may require a vote of stockholders.

Common dividends, which are determined by the Board of Directors, may be increased when business is good; if business is bad, or the Board wishes to conserve cash, dividends may be cut or omitted.

The number of common shares in the average listed company ranges from around 500,000 to millions. General Motors has the largest number — 280 million. The number of shares listed by a company on the Exchange constitutes all the stock that company has issued in that classification. In other words, it is a matter of public record exactly how many shares are outstanding. This is in striking contrast to conditions a hundred years ago when at times companies secretly issued additional stock so that manage-

ment could manipulate prices.

There are 1,095 common stocks on the Exchange.

Bonds and Debentures

The 1,114 bond issues on the Exchange represent the debt of corporations which may or may not have their stocks listed, as well as the U. S. Government, States and cities, plus 28 foreign governments and industries.

A bond is basically an IOU or promissory note, usually issued in multiples of \$1,000, although \$100 and \$500 denominations are not uncommon. A bond is evidence of a debt on which the issuer usually promises to pay the bondholders a specific amount of interest for a specific length of time, and to repay the loan on the expiration date. The bondholder is a creditor of the corporation and not a part-owner as is the share owner. So long as the company continues to meet its obligations, such as paying the bondholder interest when due at the rate called for and paying off the bonds at maturity, he has no voice in the business.

A debenture is a form of bond which is backed solely by the general credit of a company and not secured by a mortgage or lien on any specific property. The debenture, which may or may not be convertible into common stock, has a somewhat unique place in financial history and is becoming the most popular form of debt financing.

Bonds, like stock, are an investment. Share owners and creditors alike are interested in the welfare of a particular business in very much the same way that a man's family and the bank which lends him money are both interested in his financial well-being.

The Heart of American Enterprise

How important are companies with stock listed on the Exchange? Here's one way of looking at it:

These 1,100 companies earn about half of all the net profits after taxes reported by all U. S. companies. They



Bond Room

pay their stockholders about half of all the dividends disbursed. Ninety per cent of these companies paid cash dividends in the last 12 months and more than 300 have paid dividends *every single quarter* from 20 up to 94 years.

Corporations listed on the Exchange provide jobs for 13.7 million people and, on average, a single worker commands tools and equipment valued at \$18,630. These companies produce practically all the automobiles and trucks made in this country, about 90 per cent of all steel ingots, 80 per cent of all the electric power, refine 90 per cent of all the oil produced, and handle 95 per cent of our railroad traffic and air passenger travel.

Evolution of Listing Standards

Up until 1869 admission of a company's securities to the Stock Exchange list was a highly informal action. All that was necessary was for a member to propose that a certain issue be traded. If a majority of members consented, the stock or bond was eligible for trading.

But the growth of business brought new needs for regulation and, just 89 years ago, the Stock Exchange laid down its first requirement for listing — that it be notified of all stock issued and valid for trading.

In the following years the Exchange added more requirements, including frequent earnings reports, full and prompt disclosure of changes in property or business and maintenance of securities transfer offices.

The philosophy behind the Stock Exchange's listing requirements is simply this: The investor or trader who owns, buys or plans to purchase listed securities is entitled to information about the corporation which will help him to make his investment decisions intelligently.

Corporate management has found many concrete benefits, as well as prestige, in the broader market for their securities obtained on the Exchange, in a greater number of share owners and in appearance of the company's name in the financial pages and stock tables of the nation's press.

And, significantly, listed companies enjoy a substantial cost advantage in raising new capital. The cost of common stock financing for such companies recently averaged 63 per cent less than the cost to other companies.

Assets and Earning Power

At the time a company qualifies for listing on the Stock Exchange, it must be a going concern with substantial assets and demonstrated earning power. The Exchange places greater emphasis on such considerations as degree of national interest in the company, its standing in its particular field, the character of the market for its product, relative stability and position in its industry. The company's stock should have a sufficiently wide distribution to offer reasonable assurance that an adequate auction market in its securities will exist. The company should have earning power under competitive conditions of over \$1 million annually, after all charges and taxes. In addition, it should have at least 1,500 stockholders, together holding at least

400,000 shares. The outstanding common shares or net tangible assets applicable to the common stock should have a minimum aggregate market value of \$8,000,000.

If a company wants to list additional shares of an issue already listed, or a new issue, it must get Exchange authorization and, in certain cases, stockholder approval. All approved listing applications are made public promptly.

Financial Statements

About 92 per cent of the companies now listed on the Exchange publish statements every three months, 5 per cent publish every six months. The few that report earnings only once a year are dependent upon long-term contracts or upon the growth and sale of a crop in an annual cycle.

The standard agreement calls for the distribution to stockholders of the company's annual report, with financial statements certified by independent accountants, at least 15 days before the annual stockholders' meeting and not later than three months after the close of its fiscal year.

The company also must agree to have a transfer agent and registrar in New York City. A transfer agent records the name of each registered stockholder, address and the number of shares owned, sees that certificates presented to him for transfer are properly endorsed. The registrar agrees that no additional securities will be registered by him without authorization by the Exchange. The company must agree that no additional securities will be issued without application to the Exchange. And to safeguard investors against spurious stock certificates, the Exchange requires that the engravings meet specific standards.

The Right To Vote

The Exchange feels strongly that the right to vote is a fundamental of our corporate democracy, and has refused, since 1926, to list non-voting common stock. The Exchange will not list the common voting shares of a company which also has non-voting shares outstanding.

Moreover, it will consider delisting the common voting shares of a company which creates a non-voting common stock. The Exchange expects, too, that the owner of common stock in listed companies shall have the right to vote in reasonable proportion to the ownership interest represented by his stock.

The New York Stock Exchange is the only securities market place in the world to make solicitation of proxies a listing agreement. Ninety-seven per cent of all companies on the Stock Exchange list solicit proxies from their stockholders so they can freely exercise their vote without having to come personally to annual meetings or other meetings called to consider matters of importance.

Some 100 companies a year inquire about the terms of listing on the Exchange. Ordinarily about 30 qualify.

A primary objective of the Board is to maintain the kind of auction market the public expects for a listed security. The factors involved in continued listing on the Exchange are not measured mathematically; the Board may act to suspend or delist a security in any situation where it feels a security is not suitable for retention on the list. In considering a specific case, the Board will give weight to all factors affecting the security and the company.

For example, suspension of trading or delisting will normally be considered if a common stock is held by less than 250 stockholders after substantially discounting odd lots; if common shares outstanding, exclusive of concentrated or family holdings, total less than 30,000 shares; or if total market value of the common shares, exclusive of concentrated or family holdings, is less than \$500,000.

Other examples of circumstances under which suspension or delisting may be considered include situations where the size of the company has fallen below \$2,000,000 in net tangible assets *or* aggregate market value of its common stock *and* average earnings after taxes have been below \$200,000 for the last three years, or where liquidation of the company has begun, or substantially all of the company's assets have been sold. Delisting of a common

stock will also be considered if the issuing company has violated its agreements with the Exchange.

Controls—From Within

Over the years the Exchange, largely through experience, has evolved a complex system of rules for self-control. But the underlying principle has remained the same:

Securities may be bought and sold on the Exchange only at prices openly and fairly arrived at.

Regulations for trading on the floor repeatedly stress the importance of the open market — open in the sense that secret deals are impossible.

Bids and offers are made in multiples of the unit of trading (ordinarily 100 shares) and the highest bid and the lowest offer have precedence. Bids and offers must be called out loud. Transactions are reported promptly over the Stock Exchange's nationwide ticker system. No trades are allowed on the Exchange floor before or after trading hours — ten to three-thirty Monday through Friday.

Agreement of 1792

To understand the Exchange's own controls, it might be well to go back to a portion of the original agreement written in 1792:

Board of Governors



"The Exchange's object shall be to maintain high standards of commercial honor and integrity among members; and to promote and inculcate just and equitable principles of trade and business."

No other business has a stricter code of conduct, and the relations of member organizations with their clients are governed by a rigid set of requirements.

The solvency record of Exchange members in the past 58 years has averaged 99.79 per cent as against a record of 98.62 for all State and national banks, and since 1939 has been 100 per cent.

Financial Reports for Customers

All customers of a member firm must be supplied with copies of the firm's financial statements upon request.

The Exchange's rules provide that member firms carrying accounts for customers must have adequate capital and must answer at least three financial questionnaires every year. One is based on a surprise audit by independent public accountants. In addition, Stock Exchange examiners visit member firms' offices and spot check their books and records. Member firms also must report weekly on their positions as underwriters of securities and must disclose borrowings or loans by the firm or by individual partners.

Member firms are expected to adhere to the principles of good business practice.

A member or allied member found guilty (and here the Exchange goes back to its original Constitution) "of conduct or proceedings inconsistent with just and equitable principles of trade" may be suspended or expelled.

A special set of rules applies to member firms' employees who do business with the public and are registered by the Exchange. All applications for employment of these personnel, who are known as registered representatives and together number some 20,000, are passed on by the Member Firms Department.

Controls — From Without

The Securities Act of 1933 and Securities Exchange Act of 1934 ushered in a new era in American finance. The 1933 Act provides for full and fair disclosure of the character of new issues of securities publicly offered in interstate and foreign commerce and through the mails, and for the prevention of frauds in the sale of such securities.

The 1934 Act provides for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices. The Securities and Exchange Commission, with headquarters in Washington and offices in eight other cities, administers the Acts.

The 1934 Act makes mandatory:

Adequate disclosure of information about a listed security;

Registration with the SEC of all securities listed on national securities exchanges.

The act also:

Bans all manipulative operations such as pools, wash or faked sales, false and misleading statements;

Prohibits "actual or apparent active trading in any security, or raising or depressing the price for the purpose of inducing the purchase or sale of it by others."

In addition, the SEC requires officers, directors and principal stockholders of companies with securities listed on an exchange to report, within 10 days after the month in which it took place, any transaction by them in the stock of their company. These reports are made public by the SEC and by the exchange with which they are filed.

Government controls also regulate the use of credit and this section of the Securities Exchange Act of 1934 is administered by the Federal Reserve Board, which governs the flow of credit in the banking system. Brokers may borrow only from a source approved by the Federal

Reserve, which also determines how much credit a broker may extend to a customer to purchase or carry listed securities.

Anyone purchasing a listed stock can pay the full amount involved, thereby buying outright; or he can make partial payment and borrow the balance from his broker, thus buying on margin.

Margin Rates

Since the Federal Reserve Board first set margin requirements late in 1934, the amount of margin which a purchaser of listed securities has been required to put up has ranged from 40 to 100 per cent of the purchase price. Today the margin rate is 70 per cent.

Margin rates established by the Federal Reserve Board over the last 22 years have been:

Margin Rate	Effective
45%.....	Oct. 15, 1934
55.....	Feb. 1, 1936
40.....	Nov. 1, 1937
50.....	Feb. 5, 1945
75.....	July 5, 1945
100.....	Jan. 21, 1946
75.....	Feb. 1, 1947
50.....	Mar. 30, 1949
75.....	Jan. 17, 1951
50.....	Feb. 24, 1953
60.....	Jan. 5, 1955
70.....	Apr. 23, 1955
50.....	Jan. 16, 1958
70.....	Aug. 6, 1958

Requirements for the *maintenance* of margins are set by the Exchange. Generally speaking, a customer's equity in an account may at no time be less than 25 per cent of the market value of the securities carried.

Federal regulations also give the Securities and Exchange Commission broad controls over the securities exchanges themselves, including the power to have the exchanges alter certain of their regulations when deemed in the public interest.



HOW AN ORDER IS HANDLED

Within the complex machinery and system of regulations created by 166 years of experience, how does a transaction take place on the floor of the New York Stock Exchange?

Here are four considerations to keep in mind:

When you buy, you buy from another person.

When you sell, you sell to another person.

The Stock Exchange itself neither buys, sells, nor sets prices.

The Exchange provides the market place.

Let's say that a Dr. R. J. Phillips of Baltimore has sold his summer place. After talking things over with a Stock Exchange member firm, he decides to buy common shares in U. S. Steel Corporation. He asks the member firm's registered representative to find out for him what Steel shares are selling for on the Exchange.

Over a wire to his New York office the representative asks for a "quote" on U. S. Steel. A clerk in the firm's New York office dials the quotation department at the Exchange and hears, over an automatic tape announcer, the quotation on U. S. Steel. Current quotations on all listed securities are received by the quotation department over direct wires from each trading post on the floor. Each stock is assigned a particular location at one of the eighteen posts on the trading floor and all bids and offers in a stock must take place at its assigned location.

The clerk in the New York office immediately reports to Baltimore that U. S. Steel common is quoted "65 to a quarter." This means that, at the moment, the highest bid to buy Steel common stock is \$65 a share and the lowest offer to sell is \$65.25 a share.

Dr. Phillips learns that 100 shares will cost him approximately \$6,500, plus a commission of \$45.50.

Order Enters the Market

He tells the registered representative to go ahead. The latter writes out an order to buy 100 shares of U. S. Steel "at the market" and has it wired to his New York office where it is phoned to his firm's partner on the floor of the Exchange. "At the market" means at the best price possible at that time. The floor partner hurries over to the trading post where U. S. Steel shares are traded.

About the same time, a Seattle hardware man, James Greenway, decides he'll sell his 100 shares of Steel to get funds to enlarge his store. He calls his broker, gets a "quote," tells his broker to sell. That order, too, is wired to the floor. Greenway's broker also hurries to the Steel post. Just as he enters the Steel "crowd," he hears Phillips' broker calling out, "How's Steel?" Someone — usually the specialist — answers, "65 to a quarter."

Phillips' broker could, without further thought, buy the 100 Steel offered at $65\frac{1}{4}$, and Greenway's broker could sell his 100 at 65. In that event, and if their customers had been looking over their shoulders, the customers probably would have said, "Why didn't you try to get a better price for us?" They would have been right. That's what a broker is expected to do.

Every broker is charged with the responsibility of getting the best possible price for his customer. He must exercise his experience, knowledge and brokerage skill. He must make split-second decisions.

Here's how Phillips' and Greenway's brokers might figure as each seeks the best price for his customer.



◀ Member firm office phones order to Trading Floor.

Clerk on Floor receives order. ▼

AN ORDER IS EXECUTED



◀ Firm's Floor Member executes order.

Transaction is printed on ticker tape. ▼



Phillips' broker: I can't buy my 100 at 65. Someone has already bid 65 and no one will sell at that price. Guess I'd better bid 65%.

Greenway's broker: Looks like I can't sell my 100 at 65%; someone has already tried to get that price. I'd better try to get 65%.

Greenway's broker hears Phillips' broker bid 65% and instantly shouts, "Sold 100 at 65%." They have agreed on a price and the transaction takes place.

Here is the auction market in operation. Over and over again every day this procedure is repeated on the floor of the Exchange.

The two brokers complete their verbal agreement by noting each other's firm name and reporting the transaction back to their phone clerks so that their customers can be notified.

In the meantime, an Exchange employee has sent a record of the transaction to the ticker department for transmission over the ticker network. It is printed simultaneously on 2,638 stock tickers in 477 cities in this country, Canada and Cuba. It appears like this: X65% — X being the ticker symbol of U. S. Steel. The number of shares in a round lot transaction is specified only when more than 100 shares are involved — otherwise only the stock's symbol and price are printed.

Thus within a few minutes Dr. Phillips has arranged to exchange the proceeds from the sale of his summer cottage for 100 shares in the world's largest steel company; Jim Greenway has sold his shares in that company for money to expand his own business.

Less than 100 Shares

But you may ask, what if Dr. Phillips had only about \$1,000 to invest in U. S. Steel stock, rather than \$6,500. In other words, could he buy 15 instead of 100 shares?

Yes, he could buy only one share if he wanted to. In most stocks an order to buy or sell less than 100 shares is

an odd lot order. These orders are serviced by members who act as dealers in odd lots on the trading floor.

If Dr. Phillips had ordered only 15 shares of U. S. Steel "at the market," his broker's floor clerk would have sent the order to an odd lot dealer at the Steel trading post. There are at least four odd lot dealers at each post. The dealer would fill the order at a price based on the next round lot transaction in Steel common. Assuming this next round lot trade is made at 65% a share, the odd lot dealer would sell 15 shares of Steel at 65%. The additional one-quarter point, or 25 cents per share, included in the odd lot price is known as a differential. On stocks selling at less than \$40, it is 12½ cents a share — above the round lot price on purchases and below on sales.

Much the same procedure would have been followed if Jim Greenway had only 15 or 28 or 59 shares of Steel common to sell. His broker's clerk would have sent the sell order to an odd lot dealer. If the next 100-share transaction in Steel were at 65% a share, the dealer would have bought Jim's stock for 64% a share.

In neither instance could the odd lot dealer have refused to sell 15 shares to Dr. Phillips or to have bought the odd lot offered on behalf of Greenway.

Monthly Investment Plan

Or Dr. Phillips could buy U. S. Steel Corp. stock, or any one of 1,200 other listed stocks, for that matter, in another way — on a pay-as-you-go basis. Dr. Phillips might have decided, with one eye on the day when he would want to retire, to set aside a fixed sum of money each month for the accumulation of stock. Under the Monthly Investment Plan, he can do just that, with payments from \$40 monthly or quarterly, up to \$1,000 monthly through one Plan. Dr. Phillips decides, say, to invest \$100 out of current income in U. S. Steel stock each month, thus setting up a regular program. He receives the same service, including investment recommendations, given any cus-

tomers of a member firm. He pays only the commission, which amounts to 6 per cent on purchases or sales of less than \$100, and the regular odd lot differential.

No Borrowing

Dr. Phillips owns exactly what he pays for; no credit used in the Monthly Investment Plan. If the odd lot price of U. S. Steel is 65 a share, his \$100 buys 1.4514 shares. Dividends paid by the company apply to his full shares and any fractional share and they'll be automatically reinvested for Dr. Phillips at the basic commission, unless he wants the dividend mailed to him.

The Plan is non-contractual — which means simply that Dr. Phillips is at liberty to stop his payments whenever he chooses, without penalty.

Since he is buying shares by the dollar's worth — putting in the same amount each month — Dr. Phillips may be able to gain from the well-known investment principle of dollar cost averaging. If the market price of U. S. Steel stock declines, his \$100 buys more shares; if the price advances, his \$100 buys fewer shares. Under this theory investors may benefit from a temporary decline in the price of the stock they are accumulating, provided its long-range price trend is upward and periodic purchases are continued in good times and bad. And, of course, Dr. Phillips will make a profit only if he sells his stock at a higher average price than he paid for it.

Other Types of Orders

Some other kinds of orders are:

A **Limit Order**, which specifies a price. If a round lot order is entered to buy a stock at \$35, for example, it cannot be executed at a price higher than \$35. If an order is entered to sell at \$35, it cannot be executed below that price. In all cases, though, the broker will do his best to get a better price.

Stop Orders, sometimes known as stop loss orders, which are designed to limit losses or protect profits. To illustrate: if you bought stock at \$35 a share, you could enter an order to sell at "30 stop." In the event the stock declines to \$30 or below, your order automatically becomes a market order and is executed at the best possible price — which could be at \$30 or below \$30 depending upon the market in the stock at that time.

Or, if stock bought at \$35 a share should rise to \$55, the customer could enter a stop order to sell at \$50. Should the stock decline to \$50 or below, the stop order would automatically become a market order and the stock would be sold at the best price then obtainable. Stop orders may also be used when buying stock.

When he gives his broker a limit order or stop order, the customer can specify that it is to be good for only one day — this is known as a day order. Or he can give a week order, or a month order. If the order is not executed during the period designated, it automatically expires.

GTC Order. If the customer wants his order to hold good indefinitely, he gives his broker a **good-till-cancelled order**. This type of order is carried as an open order — until the broker is able to execute it, or until the customer cancels it.

Commission Rates

Commissions charged by Stock Exchange members are among the lowest for the transfer of any property — on average about 1 per cent. Commissions are figured on the following basis for each 100 shares:

On a purchase or sale between \$100 and \$399.99, 2 per cent plus \$4. The minimum commission is \$6.

On a purchase or sale from \$400 to \$2,199.99, 1 per cent plus \$8.

On a purchase or sale from \$2,200 to \$4,999.99, one-half of one per cent plus \$19.

On a purchase or sale amounting to \$5,000 or more,

one-tenth of one per cent plus \$39, provided that amount does not exceed \$75 per 100-share transaction.

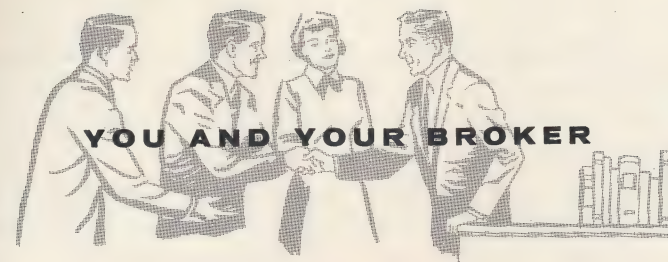
The Federal Government collects a transfer tax of 5 cents per \$100 par value on stocks selling below \$20 a share and 6 cents per \$100 par value on stocks selling at \$20 or more.

Starting January 1, 1959, the Federal transfer tax will apply to actual value, rather than par value, and a new rate — 4 cents per \$100 of actual value of the shares sold or transferred — will become effective. The minimum tax *per transaction* will be 4 cents; the maximum tax *per share* will be 8 cents, on stocks selling at \$200 or more.

Under the new law effective January 1, 1959, odd lot purchases by the public on a national securities exchange will be exempt from the stock transfer tax.

New York State levies a transfer tax of from 1 to 4 cents a share, based on selling price of the stock. Federal and State transfer taxes are paid by the seller.

Annual shareholders' meeting, American Telephone & Telegraph Co.



Brokers, like their customers, are people.

The brokerage industry is a personal service industry in which the human factor forms the basis for any continuing relationship. Customers range all the way from millionaires to people with one or two modest investments.

The partners and registered representatives of Stock Exchange firms include all adult ages, both sexes, and represent a wide range of political and social viewpoints. What is important is to find the one whose thoughts, reactions and personality are harmonious and congenial with your own. He is the one who will serve you best.

People sometimes feel embarrassed about the amount of money they have to invest. If they have only a few hundred dollars, they feel a broker wouldn't want to be bothered with such a small sum. Nothing could be further from the truth. Member firms, and the Stock Exchange itself, are spending millions of dollars in advertising every year to tell the small investor that they definitely are interested in him. The Monthly Investment Plan, for instance, was developed by member firms specifically to help meet the investment needs of people in the low and medium income brackets.

You have every right to decide what kind of investment program you want and to expect your broker's fullest cooperation in carrying it out.

You can expect your broker to give you extensive information on securities which interest you. Many firms make on-the-spot checks of the operations of various companies and watch for developments which may affect different industries and companies.

But don't expect your broker to make your decisions for you. He'll want you to do the deciding — unless you make a special arrangement with him to manage your account, including the necessary legal authorization.

When you've made up your mind, your broker will, of course, see that your order is executed at the best possible price. Later, if you wish, you can have him keep your securities for you and send you the checks for the dividends and interest whenever these are paid.

Planning with Your Broker

If you take your broker into your confidence — tell him frankly what your objective is, your income, your expenses, savings for emergencies and insurance — you will find him better equipped to help you. Only with this information can he make investment recommendations tailored to your requirements. The man with a \$25,000 income obviously is in a far different situation as to the size of investment he can make, and the degree of risk he can assume, than the man with, say, an income of \$5,000. And don't be concerned that your privacy is being invaded. Your broker will hold the information you give him in complete confidence.

Your broker will give you the information you want, but he'll expect you to do the deciding.



WHY STOCK PRICES CHANGE

This table lists various stock prices and their changes, organized by company or sector. The columns include the company name, the current price, and the change in price (up or down). The table is a detailed snapshot of the stock market at the time of publication.

It is rare indeed when an active issue does not change in price during the day, even if only an eighth of a point, or 12½ cents a share.

Why should a share of stock change in price so frequently? A share of stock represents part ownership in, say, a giant utility which supplies a metropolis with power, or a railroad which daily hauls thousands of tons of freight and thousands of passengers.

It seems unlikely that Commonwealth Edison Company or Chesapeake & Ohio, to name two corporations, becomes any more or any less valuable from one day to the next. But the prices of shares in them do. The answer is the law of supply and demand.

Stock tables department of a press association which tabulates stock and bond prices for newspapers.

(Courtesy of Associated Press)





Opinions of investors all over the nation are reflected on the trading floor.

A corporation has just so many shares outstanding. If you want to buy shares of any stock listed on the New York Stock Exchange, you must buy them from someone else. If you want to sell, you must find someone who wants to buy your shares. The Exchange brings together those who want to buy and those who want to sell.

The price you pay for a particular stock depends on any number of factors. General business conditions, earnings of particular companies and future prospects of those companies all play a part in determining stock prices. The stock market is, after all, people. And the market fluctuates as do the hopes and fears, caution and daring, courage and hesitation of millions of individual investors. Thus, individual decisions, based on people's price opinions and personal requirements, are translated into orders to buy or sell. These actions send stock prices up and down.

These opinions — of investors all over the nation — are reflected hour by hour, day by day, on the trading floor of the New York Stock Exchange.

Every day hundreds of newspapers across the country

publish a price record of stocks traded on the New York Stock Exchange, or tell about the market's action in a news column. Many papers do both.

When most people want to buy, the general market will rise. When most people want to sell, the market will decline. Individual stocks, of course, may move independently of the main body of shares. And they frequently do, reflecting developments peculiar to a company or an industry. When it is reported that the market advanced or declined, it usually means that one of the market averages has gone up or down. Most of the popular averages are based on a limited number of issues — for instance, the well-known Dow Jones Industrial Average is based on only 30 stocks. Hence the average does not tell the whole story of the market by any means — and, actually, an average may be misleading.

The Dow Jones Industrial Average is compiled by adding the price of 30 selected stocks. This total is divided by a divisor which is intended to compensate for past stock splits and stock dividends; the total is not, in other words, divided by 30. The answer, of course, is expressed in points, not dollars. An average might decline, say, 6 points with no individual issue in the average declining more than \$2 a share. The main value of an average is gauging the course of the market over a period of time rather than as a measure of daily fluctuations.

All averages, though, suffer from the same inherent flaw: They cannot make any allowances for the fact that price changes registered by the selected issues may not be — and frequently are not — typical of the majority of listed stocks.

Short Selling

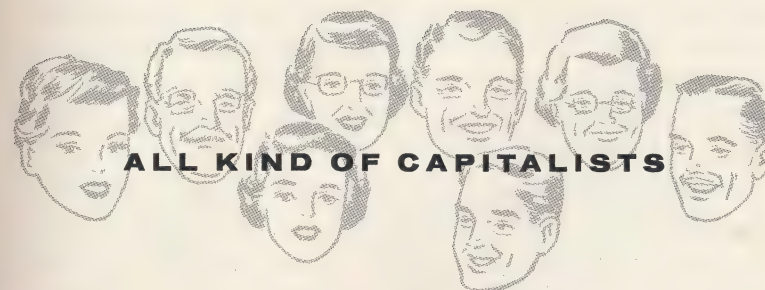
Short selling in the securities market is selling shares you don't own and borrowing the same number of shares in order to make delivery to the purchaser. When you buy the stock later to return to the lender, you hope to do

so at a lower price, thus making a profit. Short selling may not be used as a device to depress security prices artificially, and there are rigid rules to enforce this prohibition. No short sale of a stock is permitted except on a rising price. For instance, there might be six separate transactions in a given stock at a price of \$45 per share, but no stock could be sold short at \$45 unless the price before the six transactions at \$45 had been \$44 $\frac{1}{2}$ or less. Essentially, of course, short selling is a normal business transaction, as old as the first wheat crop ever planted.

A market in which people may buy in the hope of a rise but in which others expecting a decline may not sell would cease to be a true market. Such a market would give a distorted reflection of the public's opinion of values and could not function properly. A true market allows full freedom of expression.

The farmer sows his wheat and, at the same time, contracts to deliver it to the miller at harvest time. The farmer doesn't know at that time whether wheat will be abundant or scarce; whether his crop will be good or bad. He makes, in effect, a short sale — a sale of something he does not own. His judgment, based on experience, is that he will be able to produce the wheat for less than the miller has agreed to pay him for it.

Closeup of the inside of a trading post.



This is a capitalistic country.

Money is free to work wherever it can get the most pay for its services.

Some investors prefer to put their money to work at a cautious, safe job — willing to sacrifice some income for safety. They may buy top-grade bonds, lending their money only for specified periods.

A second group of investors may be willing to sacrifice a little safety for a slightly better wage. They buy preferred stocks.

Another group of investors asks no more security than an ownership interest in a top-flight, successful company. These people buy common shares in companies whose names and trademarks have been known to investors and consumers alike for many years.

And then there are those who are willing to take a greater risk in the hope of greater rewards. They buy common shares in new companies developing new products or services. If such ventures fail, the money put in them probably will be lost; if they succeed the rewards may compensate for the risks.

Less cautious than the conventional investor, the speculator has one objective: profits. In the hope of making profits, he takes greater and more frequent risks. Curiously, though, this is a form of self-interest which serves the public. The speculator, in effect, stands ready to buy or sell whenever he sees an opportunity to make a profit — and one of the market's most precious assets, its liquidity,

depends in part upon his activities. Liquidity is simply the presence in the market at any time of an adequate number of bids to buy and offers to sell. It is liquidity which prevents a stock from selling at \$50 a share one minute and \$40 a share the next.

The speculator is frequently described as a gambler. Nothing could be further from the truth. The gambler — a man, say, who bets on the spin of a roulette wheel or the flip of a card — has absolutely no control over the outcome of his wager. The speculator in securities, though, must have a profound knowledge of his business — or he won't have a business for very long. The professional speculator has nothing but contempt for the amateur speculator, the man who buys stock on a hunch or a tip or on hastily formed judgment.

Speculators buy and sell all kinds of securities and they may make large profits if their judgment is correct. But if their judgment is wrong they may suffer sharp losses. In either case, they are subject to the same strict rules and regulations which govern other buyers and sellers of securities, and they neither create nor prevent economic trends.

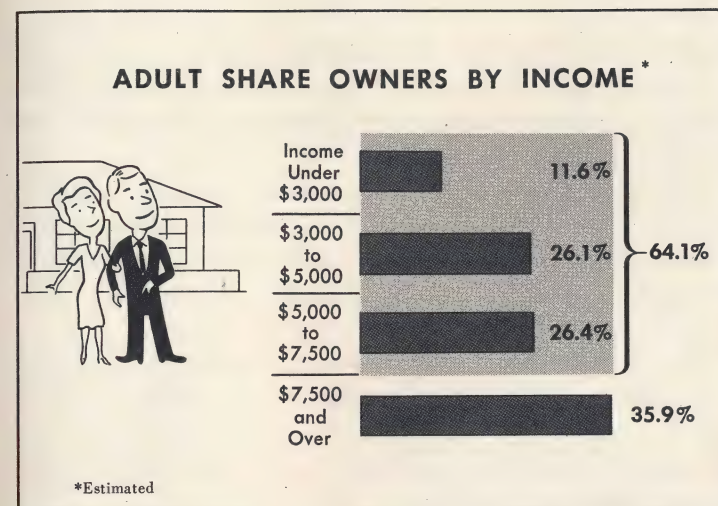
Ownership Capital

There are all kinds of capitalists, just as there are all kind of workmen. In a free country each tries to pick a job suited to his own temperament and abilities. Each takes his place somewhere on the scale which runs from high-safety-low-wage to low-safety-high-wage, saying in effect: "Here is where I think I can do the best for myself."

If either decides he can do better — capitalist or worker — he goes elsewhere. The rewards of a system where a man is free to take a better job have been well told, similar freedom of movement for capital is less well understood.

Yet it is just as basic.

For the growth of American industry reflects the willingness of millions of people to share in the risks as well as rewards of our business system.



Who Owns American Business

The answer to who owns American business is a key — perhaps the best there is — to understanding the United States economic system. In one way or another, almost every American owns American business.

Year after year, through increasing investments, the public has shattered the myth that owning shares of stock in United States businesses is a privilege restricted to the very few, or the very wealthy. The owners of America's small and large businesses — men, women and children — come from every section of the country, every occupation, every religious and racial persuasion and every walk of life.

Today, more than eight-and-a-half million people are the direct owners of America's publicly-held corporations. Through their invested dollars they are part owners of the nation's productive power.

In addition, well over one hundred million others are indirect owners through investments in savings accounts, insurance and company or union pension funds. These organizations, in turn, invest in the ownership — the stocks — of American business. And in the years to come, as

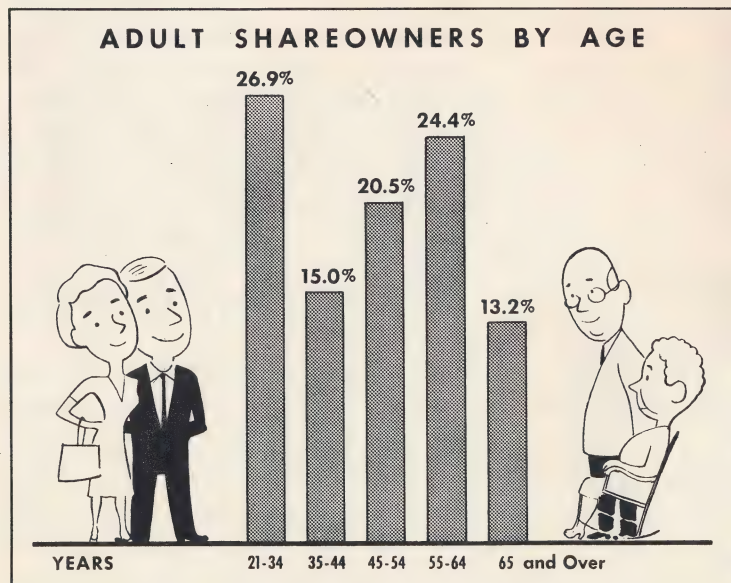
United States industry increases its output of goods and services, it will turn increasingly to the millions of middle income families to supply the growth money needed, and to share in the rewards.

The spread of corporate ownership among increasing millions of people is illuminated by the wide geographical distribution of share owners. These owners of American industry — men, women and children — dwell in every state and territory.

The most widely owned companies on the Exchange are American Telephone & Telegraph, 1,625,000 share owners; General Motors 682,000; Standard Oil (N. J.) 485,000; General Electric 396,000, and Ford Motor Company 280,000.

The Stock Exchange is an essential link in the chain of the nation's business life. For it enables people to become partners in our business system.

Capitalism is a living philosophy which has grown up within our democratic form of government; it has survived minor wars and world wars, panics, depressions. Democracy is the hope of a free world today — and democracy's greatest ally is capitalism.



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